

## DOWNTOWN HAMPTON/PHOEBUS BUSINESS LOAN PROGRAM

<b>ADMINISTRATOR</b>	<ul style="list-style-type: none"><li>■ Operated by Hampton Business Incentives Corporation (HBIC), a non-profit 501(c)(3) corporation.</li><li>■ Administered by the Small Business Development Center of Hampton Roads, Inc.</li><li>■ Loan Committee comprised of the Board of Directors of the HBIC (7 members to include a representative of the Downtown Hampton Development Partnership and Phoebus Improvement League).</li></ul>
<b>AREA OF OPERATION</b>	<p>City of Hampton - Downtown area (defined by the business improvement district boundaries)</p> <p>City of Hampton - Phoebus (defined by the boundaries for the downtown Phoebus Plan)</p>
<b>PURPOSE</b>	<p>The program is designed to reduce the risk to banks of making loans, and, thereby, increase access to capital for small businesses opening or expanding in the downtown and Phoebus areas of the City of Hampton.</p> <p>The Hampton Redevelopment &amp; Housing Authority would create a 501 (c)(3) corporation to issue the loan guarantees or interest rate buy-downs. The City Council has initially appropriated \$300,000 to the HRHA for this program, and is expected to leverage at least \$1.5 million in bank loans.</p>
<b>TYPE OF FINANCING</b>	<p>Terms from two to seven years for short-term loans</p> <p>One year line of credit, renewable for an additional year</p>
<b>AMOUNT</b>	<p>Up to \$50,000 or 50% of business's total loan amount, whichever is less; or buy-down the interest rate if the business meets local bank's underwriting criteria. Minimum loan is \$10,000.</p>
<b>ELIGIBILITY</b>	<ul style="list-style-type: none"><li>■ For-profit firms located in Downtown and Phoebus</li><li>■ Meet the definition of a small business as established by the U.S. Small Business Administration</li></ul>
<b>USES</b>	<ul style="list-style-type: none"><li>■ Machinery and Equipment</li><li>■ Inventory</li><li>■ Leasehold, Renovation, and Facade Improvements</li><li>■ Working Capital</li><li>■ Line of Credit</li></ul>
<b>PROHIBITIONS</b>	<ul style="list-style-type: none"><li>■ Loans for speculative activities including real estate and land banking.</li><li>■ Not available for projects qualifying for conventional financing or a U.S. Small Business Administrator loan.</li><li>■ Refinancing current loans</li><li>■ Expenses for temporary employment</li><li>■ Projects in which the Loan Review Board believes there is not reasonable reassurance of repayment of the proposed loan.</li><li>■ Purchase of residential property</li><li>■ Network marketing sales organization</li></ul>

<b>TERMS</b>	<ul style="list-style-type: none"> <li>■ Loan term will be based on the weighted average useful life of the assets being financed.</li> <li>■ Loans cannot be turned down based solely on inadequate collateral.</li> <li>■ No prepayment penalty</li> <li>■ One full-time equivalent job retained or created for every \$10,000 of financing provided.</li> <li>■ Personal guarantees of principal with over 20% ownership required</li> </ul>
<b>INTEREST RATES</b>	Prime plus 1/2 to 2 3/4 points
<b>APPLICATION PROCESS</b>	<ul style="list-style-type: none"> <li>■ Interested businesses may contact the Retail Assistance Manager for the City of Hampton.</li> <li>■ Purpose of the loan with accompanying business plan</li> <li>■ Financial statements for the previous three years of operations for existing businesses</li> <li>■ Schedule of current debts for existing businesses</li> <li>■ Aging of accounts receivable and accounts payable for existing businesses</li> <li>■ Lease details for existing and start-up businesses</li> <li>■ Projections of income, expenses and cash flow for existing and start-up businesses</li> <li>■ Personal resumes</li> <li>■ Personal financial statements</li> </ul>
<b>CONTACT AND STAFFING</b>	<p>The Retail Division of the City of Hampton and the Small Business Development Center of Hampton Roads, Inc.</p> <p>Managerial and technical assistance available through the City of Hampton's Retail Advisory Board and the Small Business Development Center.</p>
<b>PARTICIPATING BANKS</b>	Most local banks.
<b>MARKETING</b>	<p>The City of Hampton's Retail Division will distribute brochures to outlets identified by the Hampton Retail Advisory Board.</p> <p>The Small Business Development Center will market directly to local bankers on an ongoing basis.</p>
<b>COST AND FEES</b>	\$100 Application fee
<b>CONTACT INFORMATION</b>	<p><b>Shelly M. Weidenhamer</b>  Hampton Retail Assistance Program  Department of Retail Development  2 Eaton Street, Suite 600A  Hampton, Va. 23669  Phone: (757) 727-6161 Fax: (757) 727-6811</p>